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FEDERAL ELECTION
COMMISSION
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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Cynthia McKinney for Congress and)
Joan Christian, in her official capacity as treasurer)

2005 SEP 14 P 3:13
MUR 5622

SENSITIVE

GENERAL COUNSEL'S REPORT # 2

I. ACTIONS RECOMMENDED: Accept the attached conciliation agreement and close
the file in this matter.

II. BACKGROUND

On November 30, 2004, based on information in a referral from RAD, the Commission found reason to believe that Cynthia McKinney for Congress and Elyria Mackie, in his official capacity as Treasurer ("the Committee"), violated 2 U.S.C. §§ 441a(f) and 434(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. §§ 104.3, 104.11, 110.1 and 110.2 by accepting \$106,425 in excessive contributions and failing to report unrefunded excessive contributions as debt and authorized pre-probable cause conciliation. In this Report, this Office recommends that the Commission accept the attached revised conciliation agreement, which has been signed by the Committee's new treasurer, Joan Christian.

Cynthia McKinney lost a close Primary Election for her House seat in Georgia. Many of her Committee's excessive contributions resulted from General Election contributions that were not or could not have been redesignated. The Committee refunded some excessive contributions, including some in error, but appears to have run out of money soon after the Primary.

Shortly after being notified that the Commission found reason to believe the Committee violated certain sections of the Act, the Committee acknowledged that its disclosure reports "contained hundreds of errors." Discussions with the Committee's attorney revealed that the

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1 then-treasurer did not adequately oversee the handling of contribution checks and data entry.

2 According to the attorney, the Committee fired this treasurer early this year.

3 At the same time and on its own initiative, the Committee hired an accounting firm to
4 audit the contributions. The accountant obtained copies of every contribution check and all
5 reattribution and redesignation forms. According to the audit, the Committee received
6 \$1,034,874.54 in contributions: \$825,824.88 for the Primary Election, \$25,631 for the General
7 Election, and \$183,428.66 in unitemized contributions of \$250 or less. According to the
8 Committee, the audit also revealed that, of these amounts, the Committee accepted \$82,919.99 in
9 excessive contributions, including \$56,203.99 for the Primary Election and \$25,631 for the
10 General Election contributions. In contrast, the Committee's disclosure reports showed that the
11 Committee accepted a total of \$993,376.75 in contributions, including \$795,892.45 designated
12 for the Primary, \$64,875 designated for the General, and \$132,549.30 in unitemized
13 contributions of \$250 or less. The Committee's audit did not explain why its numbers differed
14 from the Committee's disclosure reports.

15 With assistance from the Audit Division, we determined that almost half of the
16 Committee's excessive contributions as revealed in the disclosure reports were not in fact
17 excessive but rather resulted from double-reporting contributions and mis-entering reattribution
18 and redesignation information. In addition, it appears that many of the Committee's excessive
19 contributions could have been reattributed by the contributor but were not;

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3 **III. RECOMMENDED CONCILIATION AGREEMENT**

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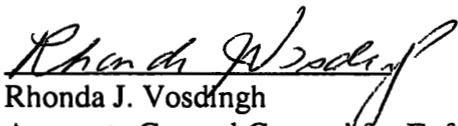
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IV. RECOMMENDATIONS


1. Accept the attached conciliation agreement with Cynthia McKinney for Congress and Joan Christian, in her official capacity as Treasurer.
2. Close the file.
3. Approve the appropriate letter.

Lawrence H. Norton
General Counsel

9/14/05
Date

BY: 
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Julie Kara McConnell
Acting Assistant General Counsel


Elena Paoli
Attorney

Attachment
Conciliation Agreement with Cynthia McKinney for Congress